

VZCZCXRO1531
RR RUEHHM
DE RUEHHI #0018/01 0061030
ZNR UUUUU ZZH
R 061029Z JAN 10
FM AMEMBASSY HANOI
TO RUEHC/SECSTATE WASHDC 0693
INFO RUEHGP/AMEMBASSY SINGAPORE 0056
RUEHHI/AMEMBASSY HANOI
RUEHHM/AMCONSUL HO CHI MINH CITY 0345

UNCLAS SECTION 01 OF 11 HANOI 000018

SENSITIVE
SIPDIS
DEPARTMENT FOR EAP/MLS
EMBASSY SINGAPORE PASS TO BOND

E.O. 12958: N/A
TAGS: [OREP](#) [PREL](#) [PGOV](#) [PHUM](#) [MARR](#) [ECON](#) [SENV](#) [VM](#)
SUBJECT: SETTING THE SCENE FOR CODEL BOND VISIT TO VIETNAM

[1](#)1. (SBU) SUMMARY: U.S.-Vietnamese relations have advanced significantly over the past three years and are arguably at their most productive since relations were reestablished in [1](#)1995. We are Vietnam's largest export market, its third-largest trading partner, and one of its largest foreign investors. We have broadened our cooperation in public health, education, mine clearance, and WTO and BTA compliance. Strategically, Vietnam views the U.S. presence in the region as a force for stability, and security cooperation has expanded as our two militaries explore opportunities to cooperate effectively. Powerful conservative voices in Vietnam's Communist Party and security services, including the military, remain wary of U.S. intentions, but their influence will wane over time as the country's young population -- the first generation in memory to live without war -- increasingly looks to the West. At the same time, we continue to engage with our Vietnamese counterparts to remove the few remaining war legacy issues, including Agent Orange/dioxin and unexploded ordinance, and are moving forward on joint efforts to confront climate change, a keen concern for Vietnam, which is particularly vulnerable to rising sea levels.

[1](#)2. (SBU) Profound differences remain, however, particularly in our approach to human rights. Vietnam has made strides in religious freedom, but the situation surrounding political rights and press freedoms has worsened as the Party clamps down on dissent in advance of the January 2011 Party Congress. Our approaches to international issues also differ. Vietnam's

performance on the UN Security Council has been lackluster and its non-interventionist line has caused it to align with Russia and China on issues such as Burma, Georgia, and Darfur. Vietnam has a chance to exercise leadership in the region as ASEAN chair beginning in January 2010, but will require sustained, considerable U.S. support and prodding to tackle tough issues like Burma. Your visit provides an opportunity to reiterate our commitment to deepening bilateral relations across the board, while reminding senior GVN leaders that future progress will be affected by the degree to which Vietnam respects human rights and the wishes of its people to have a more inclusive, responsive government. END SUMMARY.

Foreign Policy Priorities: China and the United States

HANOI 00000018 002 OF 011

13. (SBU) Vietnam professes that it is "friends to all," a slogan that sounds naive but reflects a fundamentally pragmatic approach to foreign policy. Vietnam's overriding strategic concern remains China. Hanoi is realistic about the power imbalance and is wary of antagonizing its neighbor. Hanoi is also under no illusions that it can somehow "balance" China with the United States, Russia, or Japan individually. Nor is a more confrontational approach toward China something the Party tolerates domestically: once unleashed, nationalistic sentiment, though initially directed at China, could easily turn toward the Party itself. Instead, Vietnam seeks to maintain as cordial and stable a relationship with China as possible, while also cautiously cultivating a diverse range of bilateral friendships and enmeshing these in a framework of multilateral engagement. In this context, Vietnam's bilateral relationship with the United States enjoys pride of place; however, Vietnam is wary of pushing the agenda with the United States too far, too fast, lest it antagonize China.

14. (SBU) Mistrust of China runs deep, fed by historical animosities and simmering resentment over South China Sea territorial disputes. Vietnam paid close attention to China's

harassment of the USNS Impeccable in March, and this may have contributed to the MND's decision to participate in a subsequent fly-out to the aircraft carrier Stennis. Senator Jim Webb's hearings over the summer on South China Sea issues were well received here. The United States, as a matter of longstanding policy, takes no position on the competing legal claims in the South China Sea (or East Sea, as it is called in Vietnam). We do, however, have a strong interest in maintaining freedom of navigation and the ability of our naval ships to conduct legitimate operations. We have encouraged all parties to the dispute to work together to build confidence, in particular by enhancing the 2002 ASEAN Declaration on the Code of Conduct in the South China Sea. In this regard, Vietnam and Malaysia's decision in May to submit a joint report on their extended continental shelf baseline claims is a positive development.

Vietnam Intelligence Cooperation

HANOI 00000018 003 OF 011

15. (SBU) Intelligence cooperation between the U.S. and Vietnam continues to advance one step at a time as the Vietnamese incrementally but steadily increase their interaction and integration into both the region and the world. Vietnam has been willing to work with us and regularly share information regarding counterterrorism and counternarcotics. There are signs, as our cooperation increases, that Vietnam is willing to move further in other areas such as counterproliferation. You will receive briefings on other intelligence-related matters during your visit.

Multilateral Engagement: Vietnam at the UNSC and ASEAN

16. (SBU) Vietnam has been professional and well-briefed but cautious at the UN Security Council, where it has completed

its two-year term as a non-permanent member. Hanoi has been eager to join consensus whenever possible, voting for example to support sanctions on Iran and North Korea. Vietnam has shied away from taking a leadership role, however, and where there has been disagreement has tended to follow a strict non-interventionist line. This led Vietnam to follow China and Russia's lead on Kosovo and Georgia, Somali piracy and the ICC Indictment of Sudanese President Bashir. We expect Vietnam to do better as ASEAN Chair when it begins its term in 2010. Vietnam puts great store in ASEAN and has suggested repeatedly that it would like to facilitate better contact between ASEAN and its "plus one" dialogue partners, the United States in particular. The decision to accede to ASEAN's Treaty of Amity and Cooperation was extremely well received in Vietnam, as was Secretary Clinton's visit to the ASEAN Secretariat in Jakarta and the strong support for deepened engagement that she articulated in Phuket. Vietnam has lobbied hard to host a U.S.-ASEAN summit in Hanoi in 2010.

17. (SBU) Vietnam tends to look at a number of regional issues, including Burma, through an ASEAN lens. Thus, while Vietnam has steadfastly followed China in rejecting a UNSC role in Burma, Hanoi recognizes the negative effect that Rangoon's continued intransigence has on ASEAN's credibility.
HANOI 00000018 004 OF 011

Vietnam has long urged the United States to take a more flexible approach to Burma and welcomed the Department's policy review; they also expressed strong support for Senator Webb's recent visit to Burma. Our MFA contacts say they recognize the continued detention of ASSK makes it difficult for the United States to be more accommodating, a message they may not agree with, but insist they have communicated to the leadership in Rangoon.

Human Rights and Religious Freedom

18. (SBU) For Vietnam, non-interference is not just an abstract principle, but also a reflection of narrow self-

interest. As a single-party authoritarian state, Vietnam has had a consistently poor record on human rights, and still reacts defensively to criticism, though it has learned to be more responsive to international calls for dialogue, engaging the United States and others in annual formal human rights discussions, the most recent round of which took place in Washington November 8-9.

For many in the Politburo and Central Committee, the "lessons" of 1989 and 1991, and more recently of the "color revolutions" in Ukraine, Georgia, and Kyrgyzstan, remain fresh. This, coupled with lingering war-era animosities, colors the perceptions of some hard-line elements in the Ministries of Public Security and Defense, as well as the Party hierarchy. It will be extremely useful for you to reinforce the message that progress on human rights is not just a concern of Congress or the State Department, but is something that can affect progress in other areas of the relationship, including trade and military sales.

19. (SBU) This is particularly the case now, as Vietnam's Party-state apparatus moves to clamp down on political dissent in advance of the 11th Party Congress, scheduled for January 2011. The current "crackdown" began with the arrest and conviction of two prominent journalists in 2008 who had worked to expose a major corruption scandal. Over the past year more than twenty dissidents have been arrested, including prominent corporate lawyer Le Cong Dinh, whose heavily edited taped police confession, aired on state television, was cast to
HANOI 00000018 005 OF 011

portray U.S. efforts to promote the rule of law and an independent judiciary as somehow sinister. In the area of civil society, a recently promulgated Prime Ministerial decree ("Decision 97") prohibits independent scientific/technical institutes from publicizing research critical of government/Party policies, and there is substantial evidence that the Vietnamese government is blocking access to Facebook. One positive area is in religious freedom. Much remains to be done, but in general, Vietnam continues to take steps to

permit its citizens to worship freely.

Economic Successes and Challenges

¶10. (SBU) Trade and investment with the United States form an important pillar of the overall relationship, and Vietnam welcomes signs that the U.S. economy is beginning to recover. The country's 6.2% GDP growth in 2008 -- though not bad in a regional context -- was the lowest since 2000, and according to just released data, dropped further in 2009 to 5.3%. Nevertheless, bilateral goods trade in 2008 was up 25% from the previous year, and stood at an all-time high of \$15.7 billion by the end of that year. U.S. exports, particularly of agricultural products, are a particular success story and grew 47% in 2008. Much of the increase of U.S. agricultural exports was due to higher prices and not a growth in volume, and should fall back into line with trend growth as the world commodity boom slows because of the global recession. The most recent numbers show bilateral trade down by about 5.7% in ¶2009.

¶11. (SBU) We are seeking to keep up the momentum with Bilateral Investment Treaty talks and have had three rounds so far, with the next proposed for early this year. We have accepted the GVN's proposal for an Agricultural Working Group proposed by Minister of Agriculture and Rural Development Phat at the last round of Trade and Investment Framework Agreement talks in April 2009. This working group will allow us to raise agriculture issues with a variety of ministries before they inhibit trade. We are also pushing Vietnam to further open key markets such as beef, though our GVN contacts have told us that beef access is linked to the pending catfish regulation that could hurt Vietnam's catfish exports and rural HANOI 00000018 006 OF 011

economies, especially in the southern part of the country. We were encouraged by Vietnam's decision to join the Trans-Pacific Partnership, an 8-country regional free trade negotiation, as an associate member. The first round of

negotiations is scheduled for March.

¶12. (SBU) Despite considerable USG support to assist the GVN in modernizing its food and food safety regimes, including support for the drafting of new food safety and biosafety laws, Vietnam's current draft Food Safety Law requires mandatory labeling of all food and agricultural products that contain at least five percent genetically modified content. The Food Safety Law is currently before the Science, Technology, and Environment Committee of the National Assembly. It is expected the current draft law will be amended and sent to the full National Assembly for further review in March 2010 and a final vote in May 2010. Ambassador and emboffs have repeatedly requested that the government remove all mandatory labeling provisions in the draft legislation.

Health Diplomacy

¶13. (SBU) Health diplomacy has been a major spur to improved bilateral relations and has allowed us to engage with the GVN in areas of mutual interest, such as pandemic preparedness. Over the past several years, we have worked to boost Vietnam's development capacity to stem the spread of infectious diseases, respond to outbreaks, and address public health and safety concerns. Currently about 80 percent of all U.S. development aid is in the health sector. While we provide cooperative assistance in a range of areas, HIV/AIDS assistance under the President's Emergency Plan for AIDS Relief (PEPFAR) has totaled \$322 million since 2004, including \$88.6 million in FY09. The United States has also made a substantial investment to prevent and control highly pathogenic avian influenza, with total funding since 2004 of about \$50 million through FY 2009. In April 2010, USAID will assist the GVN to host the seventh International Ministerial Conference on Animal and Pandemic Influenza, and as a follow up to July's Lower Mekong Ministerial, the United States has

HANOI 00000018 007 OF 011

also announced plans to host in Vietnam a regional meeting on infectious disease. In mid-October, the Ministry of Health stopped counting confirmed cases of 2009 H1N1 influenza in Vietnam, which surpassed 10,000, and to date has reported about 49 fatalities. As with highly pathogenic H5N1, the Centers for Disease Control and Prevention, USDA, and USAID have cooperated actively with their Vietnamese counterparts to track H1N1 influenza and to provide guidance on containment and treatment.

¶14. (SBU) Agent Orange (and its contaminant, dioxin) remains a sensitive issue in U.S.-Vietnamese relations. Despite dissatisfaction with the pace of U.S. engagement, highlighted in both the international and local media, we continue to work with the GVN to find mutually acceptable solutions to environmental contamination and potential health impacts from dioxin. The two governments agree that dioxin contamination is concentrated in approximately 20 "hotspots," mostly areas within former U.S. airbases where Agent Orange was stored, loaded, and transferred. Areas subjected to heavy aerial spraying do not have soil concentrations considered hazardous. The GVN has requested that the United States focus its efforts at the "hotspot" at the former U.S. airbase in Danang.

¶15. (SBU) Our engagement on this issue has accomplished much, both to transform the tone of the bilateral dialogue and to build Vietnam's capacity to address environmental issues and provide assistance for the disabled. From 2001 to 2007, the USG spent over USD 2 million to initiate technical dialogues, scientific conferences on the effects of AO/dioxin, and fund a 4-year project to build the capacity of Vietnamese scientists to analyze soil samples collected from the Danang airport. In 2007, the State Department and EPA provided \$400,000 to support temporary dioxin containment measures at Danang. The Joint Advisory Committee (JAC) for Agent Orange/dioxin brings together scientists and researchers from both governments (U.S. members represent State, USAID, EPA, HHS, and DOD) to provide scientifically based advice to policy makers for

potential environmental and health cooperation. The JAC held its fourth annual meeting in September 2009. It has helped guide pilot remediation efforts and recently issued terms of reference for its Health Working Group to begin disability survey exercises and other activities to assess the impact, if

HANOI 00000018 008 OF 011

any, of dioxin contamination.

¶16. (SBU) With strong financial support from Congress, we work with the GVN, UNDP, Ford Foundation, and other donors to form a multilateral coalition to support environmental remediation. USAID continues to implement USD 6 million in Congressional appropriations from 2007 and 2009 for dioxin mitigation and health activities. USAID has provided grants totaling USD 2 million (and will provide an additional USD 1 million) to East Meets West, VNAH, and Save the Children for efforts focusing on health and social services delivery, rehabilitation services, and employment and entrepreneurial assistance. In September 2009, USAID awarded a USD 1.69 million contract to begin preparation for environmental remediation at the Danang airport. Also at Danang, EPA and the Vietnam Academy of Science and Technology recently commenced a pilot test to determine the suitability of bioremediation to destroy dioxin in Vietnam. With remaining 2009 funds and the recently announced additional USD 3 million in FY2010, USAID will fund full containment at Danang in preparation for dioxin destruction.

Unexploded Ordinance

¶17. (SBU) Efforts to deal with the consequences of unexploded ordinance (UXO) and landmines continue to be warmly received. The United States has invested over USD \$43 million so far in a broad spectrum of programs to locate, remove, and destroy unexploded ordinance and landmines, and to improve the health and livelihood of Vietnamese living in affected areas, particularly in Quang Tri and Quang Binh provinces, which adjoin the former DMZ. Approximately \$3.5 million has been

made available for FY 10 to support UXO activities in Vietnam. While the US is committed to UXO/landmine issues, we cannot guarantee that funding will always be available. It is therefore necessary, given the complexity of the problem, to support a systemic national approach to make Vietnam's own mine action efforts more effective. With this in mind, the United States has supplemented its assistance with efforts to build the capacity of the newly formed Vietnam Bomb and Mine Action Center (VBMAC) and to assist the VBMAC to draft and

HANOI 00000018 009 OF 011

implement a National Strategy to address the explosive remnants of war.

U.S. Assistance: Trade, Education, Environment, Governance

118. (SBU) U.S. assistance levels in non-PEPFAR areas remain disproportionally low, particularly when compared with aid provided to neighboring developing nations. Even so, programs such as USAID's STAR and the Vietnam Competitiveness Initiative have become the government's preferred source of expertise in reshaping trade and economic regulation, with positive effects on governance. Treasury is also starting to engage on economic issues, with programs in areas such as small- and medium-sized enterprise financing, taxation, and bond market development. Given its status as one of the countries most vulnerable to rising sea levels, the GVN is particularly eager to partner with the United States to develop responses to climate change. Building on existing, limited bilateral initiatives, USAID expects to begin supporting climate change programs in 2010 and plans to expand into environmental governance, water and coastal resource management and biodiversity protection in future years. The Joint Educational Task Force, formed in the wake of Prime Minister Dung's 2008 visit, prepared recommendations on improving Vietnam's education system, including establishing an American university in Vietnam. In the meantime, programs such as the Fulbright Program and the Vietnam Education

Foundation, with combined annual funding of almost \$10 million, continue to bring scores of Vietnamese students to the U.S. every year. The number of Vietnamese students studying in U.S. colleges and universities now ranks eighth in the world. This and USG programs to improve Vietnam's own education system will be key to both political and economic development in Vietnam over the long term.

¶19. (SBU) Your official hosts, Vietnam's National Assembly, has in recent years moved to assert its independence, and now plays an increasing role in oversight, the drafting of legislation, and constituent services. The Mission is actively seeking opportunities to work with the National Assembly to promote good governance, including efforts to boost the professionalism of its staff and improve its

HANOI 00000018 010 OF 011

capacity to conduct independent research. Your National Assembly hosts will likely pursue with you avenues for building inter-legislative contact and exchanges.

Adoptions

¶20. (SBU) The United States and Vietnam suspended their adoption agreement in September 2008, after the Embassy and HCMC Consulate uncovered repeated instances of baby selling and manipulation of birth mothers, including at the Tu Do hospital in HCMC. This ended a flow of Vietnamese children to American adoptive parents that peaked at over 700 per annum in ¶2007. Since April 2009, Vietnam has made important strides to reform its adoption regime, with significant assistance from UNICEF. The National Assembly is currently considering a draft adoption law, which could take effect as early as January 2011. Once Vietnam has its new adoption law in place, we believe it will attempt to accede to the Hague Convention on Intercountry Adoption, enabling Americans to once again adopt Vietnamese orphans.

Administrative Obstructions: Staffing and a New Embassy

¶21. (SBU) Vietnam closely adheres to its rights under Article 11 of the Vienna Convention on Diplomatic Relations to limit the size of the sending state's diplomatic mission. GVN practice has been to accept requests for new positions once, annually. However, the approval process has been excruciatingly slow. At present, 10 positions (five in Hanoi, and five in HCMC) are awaiting approval. The five in HCMC have been outstanding for 22 months. This inability to increase staffing size to keep pace with the growing workload in what is otherwise a robust bilateral relationship has long since reached the point where it is adversely affecting our ability to perform our mission. FM/DPM Khiem told Secretary Clinton during his visit to the U.S. in October the approvals would no longer be an issue, but to-date, we have seen no change. The U.S. Mission has advocated for abolishing caps on staffing.

HANOI 00000018 011 OF 011

¶22. (SBU) Currently, U.S. Embassy Hanoi is housed in three office buildings around town. The primary building, the Chancery, is a nine-story, rat-infested building with inadequate space and substandard building systems. When acquired in 1995, it was intended to serve as a temporary facility. Although the search and negotiations for a site to build a new Chancery took longer than the five years originally envisioned, the USG and GVN were near agreement on a selected site when negotiations were suspended in January 2009 over the length of the land lease. The GVN asserted it legally could only offer 99 years. The USG insisted that absent fee simple title to the land (not permitted in Vietnam), it required 99 years plus 99 years. As a result of the impasse, the construction project has been tentatively rescheduled for 2020, although the Embassy believes it will take 20-30 years before the GVN is able to change its laws related to land ownership or leasing, thereby opening the way to a building. In the meantime, the State Department's Office of Overseas Building Operations (OBO) is developing a scope of

work for a major rehab of the existing Chancery, to begin in
2013. It is unknown how much funding will be available for
such a project or how practical it would be, given that no
amount of money can ever make the existing building what it is
not -- a Chancery that provides an adequate and appropriate
work environment for its staff and serves as a visual
statement of the USG's commitment to building a healthy,
vibrant bilateral relationship with Vietnam.
Michalak